

97-84238-23

Simmons, Joseph Edward

Address delivered on the
occasion of the...

New York

1896

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332
Z Simmons, Joseph Edward, 1841-1910.
v.45 Address delivered on the occasion of the dedication
 of the new Clearing house of the associated
 banks of the city of New York, January 15, 1896...
 New York, 1896.
 31 p. plate. 21¹/₂ cm.
 Vol. of pamphlets.

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TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA IB IIB

DATE FILMED: 11-10-97

INITIALS: AS

TRACKING #: 29661

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ADDRESS

Delivered on the occasion of

The Dedication of the New Clearing House

of the

Associated Banks of the City of New York

JANUARY 15, 1896

By

MR. J. EDWARD SIMMONS

President Fourth National Bank



THE NEW YORK CLEARING HOUSE.

ADDRESS

DELIVERED ON THE OCCASION OF

THE DEDICATION OF THE NEW CLEARING HOUSE

OF THE

ASSOCIATED BANKS OF THE CITY OF NEW YORK

JANUARY 15, 1896

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"Sermons in stones"

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INTENTIONAL SECOND EXPOSURE



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*Mr. President and Gentlemen of the New York Clearing
House Association :*

The task you intrusted to your Building Committee,* two years ago, is ended. The new Clearing House is completed. All that our architect's taste and skill, all that your Committee's zeal, aided by your counsels, could do, has been done, not only to adapt the building to the important purposes for which it is designed, but also to make it worthy of the dignity and achievements of the New York Clearing House Association. How great these achievements are I need not tell you. They are manifest when you call to mind the forty-two years of its history. More than once has the Clearing House Association proven to be

* F. D. TAPPEN,
President Gallatin National Bank.
WILLIAM A. NASH,
President Corn Exchange Bank.
J. EDWARD SIMMONS,
President Fourth National Bank.

Appointed January 16, 1894.

the breakwater that rolled back the billows which threatened national disaster. In American finance it is as powerful as the Bank of England is in European finance. It has been the bulwark of our commercial and national honesty, the rock on which has rested the strong edifice of American business prosperity. Its blessings have been scattered far and wide, and its influence has been felt in every corner of the land. No wonder it has become the great power for good that it has been for many years, and which, I am proud to say, it is to-day. The past of our Association augurs for it a grand and beneficent future. Full of hope, I look upon our new Clearing House. Full of pride, I contemplate this noble production of the builder's art. It is a fitting monument to the wise and strong men who have made the New York Clearing House Association one of the great financial stays of our country.

To me the Building Committee has assigned the duty of introducing to you our new home. Nothing would give me greater pleasure than to preface my address by sounding the praises

of our architect. But I shall leave it to others, who may speak more freely, to do justice to the artistic excellence of this stately structure. To-day you will permit me to be the interpreter of the message the new Clearing House conveys to us all. There are sermons in stones, the immortal bard tells us; and this beautiful exchange, destined, I feel, to be the scene of many a triumph, suggests to us many a wise and useful teaching.

Let us take our stand in front of our new building. Look at it, as it proudly rises, resplendent in its dress of purest marble, borne on its graceful Corinthian pillars, richly adorned by the sculptor's art! What is the meaning of all this outlay? The stern utilitarian would rear a cheap, unadorned structure of Puritan simplicity. Why, then, this costly marble, this expensive decoration? Is all this the outcome of paltry vanity? No, gentlemen, it is but the material expression of a generous public spirit. The desire to please our fellow-citizens, the wish to add our contribution to the beauty of the metropolis, have

prompted us—I use Mr. Ruskin's words—"to make this offering of precious things, because they are precious, and not because they are useful or necessary." The spirit which called into existence the new Clearing House is the same public spirit that created the immortal masterpiece of the Athenian Acropolis, the same public spirit that built the wonderful structures of the Eternal City, the same public spirit that brought forth the grand municipal buildings and cathedrals of mediæval Europe. The men who erected these marvels of architectural art were ready to sacrifice, yea often did sacrifice, their treasures and their lives for their country. On the rich and tasteful façade of the new Clearing House, are emblazoned the arms of our nation, our state, and our city; these are meant to be a declaration that the bankers and the merchants of New York are ready at their country's call to risk their fortunes for their country's sake. This is no idle boast. Well may the New York Clearing House Association be proud of its record for wise and splendid patriotism. During the

civil war was it not our Association that enabled the bankers of the metropolis to provide the vast sums by which the credit of the national Government was maintained? And since its formation has not our Association been a tower of strength in the succession of panics through which the nation has passed?

Again and again has it been demonstrated that the great battles of the world are not always won by the soldier. There are generals in finance as well as in war; and the intrepidity of the one is equal to the heroism of the other. Who of us can ever forget the great financial battle of 1893, its brilliant leadership, and the glorious victory achieved by the Associated Banks of New York? The long-continued defiance by the Government of well-established economic laws had filled men's minds with gloomy forebodings, which in that eventful year culminated in a panic that swept into insolvency commercial corporations, railroads, banks and many of the most influential business firms of the country. Their liabilities reached the stupendous total of nearly

two billion dollars. The wealth of the nation had not been decreased, but the availability of its resources had been almost destroyed. To uphold the value of the world's silver coinage, the national Government had purchased vast quantities of silver bullion for Treasury notes, which, under the terms of the parity clause of the Sherman Act, were convertible into gold at the option of the holder. Men's heads grew dizzy when they reflected on the magnitude of this gigantic undertaking. They feared that gold would be driven out of the country, and that all outstanding obligations would be discharged in inferior currency. By the middle of June business was paralyzed. Gold flowed from the United States Treasury in vast streams. Unless this terrible drain on the gold reserve could be greatly reduced, the redemption of the Treasury notes in silver seemed inevitable. Financial ruin stared us in the face. The Clearing House Association boldly confronted the threatening danger. At a meeting called at this crisis the situation and its prospects were thoroughly examined and

discussed. The bank presidents came to the conclusion that the only way in which the banks could maintain the volume of their loans notwithstanding their rapidly decreasing deposits, and thus avert serious commercial disaster, was to extend their credits. A Loan Committee was appointed, consisting of the presidents of five of the principal banks of the city, with the President of the Association as an ex-officio member.* This committee was empowered to issue to the banks Clearing House certificates to enable them to pay their daily balances to the Association without calling in their loans. This action proved to be as wise as it was needful. Runs on financial institutions of all kinds had been growing

* FREDERICK D. TAPPEN, Chairman,
President Gallatin National Bank.

WILLIAM A. NASH,
President Corn Exchange Bank.

EDWARD H. PERKINS, JR.,
President Importers' and Traders' National Bank.

HENRY W. CANNON,
President Chase National Bank.

J. EDWARD SIMMONS,
President Fourth National Bank.

GEORGE G. WILLIAMS, *Ex-Officio,*
President Chemical National Bank.

more and more frequent; appeals for help were pouring in from all parts of the country, and the demoralization of business was well nigh universal.

New York was the centre of the storm; but its banks, united in interest and in policy, stood like the rock of Gibraltar, unscathed by its fury. Money, in many cases, was not to be had at any rate of interest. There was even talk of closing the Stock Exchange. In fact, it would have been closed but for the resourceful financiers on guard day and night. They clearly saw that money rates must be broken by liberal advances to necessitous borrowers. In no other way could the great corporations whose interest payments became due on the first of July be saved from calamitous failure.

The Clearing House Association, through its Loan Committee, proved equal to the emergency, and on the 30th of June—a memorable day in our history—it threw, with instantaneous effect, eight million dollars upon the money market. The interest rate fell from eighty to ten per cent. The deadly pressure was relieved,

and hope and confidence revived. The banks of the metropolis continued to pour their securities in to the Loan Committee, and to pour their money out to needy clients in all parts of the land. By this action the devastating course of the financial tornado was checked, but its destructive fury was not exhausted. While the repeal of the Silver Purchase Law was pending, currency could be obtained in the open market only at a premium of from three to five per cent. Not infrequently due bills played the part of note issues and subsidiary currency. Funds could not be had by importers and brokers for the purchase of exchange on Europe. Once more the Clearing House Association, through its Loan Committee, was equal to the occasion. It made liberal advances to dealers in foreign exchange at an interest rate that enabled them to import over thirty million dollars of gold. No sooner did this golden tide reach our shores than the premium on currency began to decline. In a short time it wholly disappeared, and money again flowed in its ordinary channels. The

banks began to redeem their Clearing House certificates at the rate of about one million dollars per day; and on the first day of November, 1893—the day on which President Cleveland signed the bill repealing the Silver Purchase Law—the last certificate was retired. Forty-one million four hundred and ninety thousand dollars of the Clearing House loan certificates had been issued. As security for their liquidation the Loan Committee held fifty-six million dollars of collateral, seventy-two per cent. in notes or merchants' bills receivable and twenty-eight per cent. in stocks and bonds. Every detail of these long and exhausting business transactions had been so critically scrutinized that the whole undertaking was successfully carried through without the loss of a single dollar to the Association. What did the Loan Committee achieve by these heroic measures? Not a Clearing House bank closed its doors, not an important firm failed in the city of New York. The commercial community had been relieved, the Government financiers began to breathe more easily,

the nation was saved from a deadly convulsion, and prosperity prepared to smile again upon the land.

Such was the patriotic spirit that animated the old Clearing House! With such effect did this Association step into the breach when our country was threatened with the direst of perils! The beauty and the glory of the new Clearing House are but the expression of the same spirit; and now that new dangers assail the nation, let us declare that our new building stands for a pledge that never will the New York Clearing House Association shrink from doing its full duty: ever will it stand in the front rank of our country's defenders.

Turning our eyes again to the façade, who is not struck by the cunning distribution of its members? Parts project, parts recede, and thus create a just proportion of light and shade. Has not our architect symbolized thereby the truth which every well-ordered society has recognized and which only mad men assail, that where men dwell together and work for a

common end, some must occupy the high and some the low places? Everywhere there must be rulers and ruled. Woe to the communities, financial or social, that ignore this essential truth! They enter into conflict with nature, and sure destruction must be their end. Among the many features that have secured the success of our Association, one of the most marked is the symmetrical subordination of its various factors. The Clearing House Committee is our executive or governing body, and nowhere else do the ruled more readily recognize the authority of their rulers. But as in the building the prominent elements exist, not for themselves but for the structure, so in our Association the members of the Clearing House Committee always labor, not for themselves but for the Association. So long as governors, whether in political or commercial life, act up to this rule, so long is the organism full of strength and energy. But when corrupt rulers sacrifice the nation's welfare to their own, when dishonest financial managers wreck the interests they are bound in honor and hon-

esty to protect, then woe to governors and governed alike! May our beloved country be safeguarded against such a fate! May Providence ever inspire the great American people to confound the selfish schemers that would imperil their country's weal for the sake of private pelf! And if any member of our Association should ever be tempted to be false to his trust, may a glance at this noble building recall him to a sense of duty, and induce him to follow in the footsteps of those great and upright bankers who have safely led us through the perils of the past.

But the play of sunlight and shadow on the front of this stately edifice is not always the same. As the sun ascends to the zenith the Clearing House grows radiant with light, but as it descends to the horizon its shadows deepen. They warn us that our Association must always be ready for darkness and storm; that if there are periods of sunshine and prosperity, there are also periods of panic and distress. He is not a man whose heart faints when perils surround him. The leaders of the

old Clearing House have shown those who will rule in the new how to face dangers and difficulties. By their prudence, by their courage, by their strength, and by their honor they have for nearly half a century safeguarded the prosperity of this Association. Let their successors imitate their virtues; and though at times sombre shadows may creep over our Clearing House, its sun will continue to shine and drive away the clouds of financial fanaticism and dishonesty.

Let us now enter and examine the interior of our new home. Mark how wisely and fittingly the space is distributed. Observe how admirably each room is adapted to its purpose. Convenience is the characteristic of the rooms destined for the workers; while the more retired apartments are assigned to the committees and to the watchful managers. In this architectural adaptation of means to ends we see reflected everywhere the marvellous method of clearing exchanges, of which we are so justly proud. Contrast the present method with that formerly prevailing in this city.

Every day porters and clerks adjusted and paid the balances due to and by the several banks at the desks of each. Tons of gold and valuables, protected by guards, were carried through the streets at imminent peril of robbery or loss; settlements depended on memory, and numberless vexations compelled weekly instead of daily clearings. Now in about ten minutes over four thousand packages of checks, drafts, bills, and other commercial instruments, belonging to the sixty-six banks that are members of the Clearing House, are distributed and received for without loss or error. The numerous balances of each bank are quickly condensed into one, and that balance, whether a debit or a credit, is liquidated on the same day. The whole process is one of clockwork precision, and is almost unerring in its results. By all who understand the sureness and simplicity of our clearing-house methods, and their inestimable services to financiers in city and country, the names of Lyman, Camp, and Sherer will ever be held in appreciative remembrance. Into these methods they infused

new life and light ; and in laying the foundation of our triumphs they had a preëminent share.

As we stroll through the spacious apartments of this beautiful building we are impressed with the careful provision made for lighting it. It is pervaded by light. Light streams in through the dome and floods the offices through the windows; there is light from above and light from the sides; light from the front and light from the rear; and should the great orb of day fail to supply the light we need, modern science, which has chained the lightning, flashes into the building new waves of light to make up the deficiency. Is not this as it should be? The operations on which the sun here sheds his radiance are of supreme importance to society, and the welfare and progress of society demand that man's brightest intelligence should illuminate the banker's work with its most searching rays. Already the great bankers of this and other countries have rent the veil which has so long covered some of the most important

laws controlling the economic world. The daily experience of the New York Clearing House has furnished, and will continue to furnish, many a solid stone needed in completing the majestic structure of economic science. Permit me to tax your patience for a few moments while I draw your attention to one or two ways in which the clearing house throws light on the working of the laws of business and finance.

Like most natural forces, business moves in waves. Sometimes everything prospers and we are on the crest of the wave; again, there is a revulsion, prices sink, business is paralyzed, and we are in the trough of the sea. What is more important than to have the means to indicate and measure these movements—a business barometer, let us call it? Such a barometer the clearing-house system furnishes. The clearings of the eighty-one exchanges of the United States approximately measure the ebb and flow of business throughout the country.

But this is not all. The books of the New York Clearing House Association enable us

to ascertain at any moment the standing of every bank belonging to the Association and the character of its management. Our daily proof-sheet supplies each bank with an authentic exhibit of the Clearing House dealings of all its associates, and, like a financial sun, it reveals the extent and, in a degree, the character of their transactions. Imparting knowledge, the Clearing House records naturally beget decision and promptness in the conduct of business. They protect us against the perils of excessive loans and discounts; they are pointers of the drift, as well as of the character, of business; they serve as prophets foretelling the course of financial storms; they are trustworthy guides to the wise investor. It is scarcely possible to exaggerate the advantages the American business man may derive from the light shed by our Clearing House records on the nature and the prospects of mercantile movements, not only in New York but throughout the country.

Much more valuable is the light they shed on some of the important financial questions

now agitating the nation. Who has not heard again and again the frenzied utterances of financial quacks who maintain that on the abundance of the currency alone depends the weal or woe of the people; that the plentiful issue of currency, whatever its intrinsic value or lack of value, is a panacea for all the world's financial ills? In connection with the currency, let us consider briefly the business of the New York Clearing House during the forty-two years of its existence. The total transactions from October, 1853, to October, 1895, amount in all to the sum of \$1,092,815,818,055—a sum sufficient, if coined into half-eagles, laid flat so as to touch each other, to make a golden pathway ten feet wide around the world. The balances were a little more than four and one-half per cent. of the clearings, and even these balances were discharged, not in currency, but principally by certificates on a common depository. Take, for instance, the balances for the year 1883. One-half of one per cent. of these balances, or less than one-fiftieth of one per cent. of the entire clearings, was paid in legal-

tenders and coin. Not long ago, when the exchanges averaged \$113,019,011 daily, the checks and drafts presented by the several banks so nearly offset each other that of every one hundred dollars of the balances all but four dollars and seventy-eight cents were paid in checks. What do these figures proclaim? They tell us how insignificant a *rôle* currency—I care not whether it be gold, silver, or legal-tender notes—plays in the great mass of business represented by our clearings. Under the clearing-house system legalized paper representing the commodities for which it was given circulates as freely and almost as safely as gold and silver coin, and far more conveniently. Is it not, therefore, true that the products of the country have, to a large extent, become our currency? Let me assure my countrymen, north and south, east and west, that their marketable commodities are the best of currency. Only let them produce enough of these, and they need never dread the spectre of poverty.

Owing to the progress made by our system

of clearings, I can truly say that in no country is a business so immense transacted with an amount of the precious metals so surprisingly small. At least ninety per cent. of all the business of this country is a credit business done by checks, drafts, bills of exchange, and other commercial instruments. Every step in advance made in our system of exchanges reduces the importance of currency. Already our progress has given to one dollar the power to do the work done by a hundred dollars at the beginning of the century. The currency of a country need not equal its wealth nor the volume of its mercantile transactions. The figures denoting the exchanges of the American clearing houses amounted in 1888 to over fifty billion dollars—thirty times all the gold and silver and all the bank-notes then in the country. Therefore, not alone on the abundance of the currency—I venture to say not chiefly on the abundance of the currency—depends our country's business prosperity. No legislation and no financial juggling can make a country prosperous; only industry, economy,

thrift, and self-denial can effect this result. Abundance of currency, provided it be a sound currency, may be one of the factors of prosperity. But abundant means of communication, the annihilation of time and space by steam-boats, railroads, telegraphs, and last, though not least, improved clearing-house methods, these also are important elements. Give us these, and let God smile on our fields, scattering blessings from his bounteous hand, and happiness will dwell in the abode of the farmer and the mechanic no less than in the home of the banker and the merchant.

But it is time to resume our inspection of the new Clearing House. Scan it with the critic's eye. Examine it from without or from within; in detail or as a whole. Search it with the aid of God's sunlight or man's electric flashes. It is the ideal of honesty. Honest in its material, from the pure marble of the façade to the strong oak and mahogany of its inside fittings; honest in its decoration, from the proud and graceful Corinthian columns and the richly carved arms of our nation, our

state, and our city, to the deftly worked scrolls of the interior; honest in all its architectural features that suggest no promise that is not fulfilled. Is not this as it should be? Has it not ever been the motto of this Association that honesty is the best policy? Has it not gone beyond Franklin's aphorism, and stood for honesty and justice even if the heavens fall? No man can point to any act of this body that has condoned the plausible untruth, the amiable fallacy, the provident evasion, the merciful concealment, or the positive and careless lie. In all financial measures the Clearing House Association has invariably insisted upon giving to all men that which is their due. It has always believed in paying dollar for dollar, one hundred cents for one hundred cents. It can see neither justice nor truth, neither honor nor profit, in taking a piece of silver worth fifty cents and stamping it with the legend "One hundred cents." We know that the safest of all currency is gold. It is the standard of value throughout the civilized world. Everywhere it is a commodity in demand, and

everywhere exchangeable for other commodities. It is less subject to fluctuations than other forms of money, and therefore promises to the wage earner greater uniformity and safety in the payment of his labor, and to the business man greater exemption from violent and dangerous commercial convulsions. Surely these are strong reasons for the maintenance of the gold standard. But above them all in importance is the broad fact that honesty demands its retention. Throughout the history of this Clearing House, its record for good faith imperatively makes us the advocates of honest money for the nation. Such has been our record in the old building. Such will be our policy in the new Clearing House, every stone of which bears on it the impress of honesty.

Descending to the lower parts of the building, let me call your attention to the massive foundations, the sturdy double walls, the great steel vaults, the steel grilles, the hundred and one safeguards, open and concealed, that protect the building against the assaults of

man's violence and the encroachments of time. Mark the devices for turning the steam, which supplies us with heat, and even the electricity, which ordinarily gives us light, into means of defence. Everything has been done that the builder's art can do to make the new Clearing House safe against the robber, the thief, and the anarchist.

Are not these appliances typical of the many skilful devices invented by the accountant to guard us against error and dishonesty, devices so perfect that in all its history I can proudly assert that the New York Clearing House Association has never suffered the loss of a single cent. Are they not symbolic of the wisdom that is slowly but surely working out a system of political economics which will prevent, as far as human wisdom can prevent, the insanities of visionary enterprises, the unhealthy inflation of prices, and the ruinous disasters of panics? Yes, these solid walls symbolize the solid walls of American common sense, that heretofore have guarded our beloved country against fantastic and

destructive financial schemes, and will do so forevermore.

But the strength and the solidity of this majestic building suggest not only the strength and the solidity of the Clearing House Association, but they also typify its unselfish care for those that are to come after us. This unique and beautiful structure, whose every part bids defiance to the ravages of time, is not built for ourselves alone. The true American, the true patriot, is ever mindful of posterity; his plans always include the generations unborn. The greatest glory of any building, says Mr. Ruskin, is not in its cunningly wrought marble, iron, or gold, but "in that deep sense of voicefulness, of stern watching, of mysterious sympathy, nay even of approval or condemnation, which we feel in walls that have long been washed by the passing waves of humanity." These attributes, of course, we cannot ascribe to a building whose history is all in the future; but what we feel, and truly feel, as we contemplate these powerful walls, is the sympathy, the watchfulness, and the

protection they promise to the generations to come.

Our Association and our metropolis have always had a feeling heart and an open hand for others. We rejoice with our sister States and cities over their financial strength and commercial development. We are proud of the majesty and power of our own beloved country, and we love to see the nations of the world prosper and grow in civilization. Never have those who have been stricken by disaster appealed in vain to the bankers and merchants of New York. Unselfishly, unstintingly they have given to others of that which God had given to them. Without boast, without ostentation, they have practised that mercy which "droppeth as the gentle rain from heaven." Of this unselfishness, of this mercy, these walls, built not so much for ourselves as for others, are the emblem. So long as they stand, so long as they harbor the great financiers of New York, they will tell us that the Clearing House Association has open eyes for the claims of the poor and the unfortunate. Never will it

sanction any measure, political or financial, that encroaches upon the rights of the weak and the defenceless. Never will it seek its own advantage at the cost of the helpless. As long as this edifice stands here, so long will the bankers of this metropolis—our children and our children's children—practise the noble virtues of generosity and charity.

The New York Clearing House Association serves not the American people alone, but it extends its benefits to the whole family of nations, and the world is better for its genial activities. It symbolizes the fact that it is the duty and privilege of all nations to seek peace with righteousness, prosperity through equity, and the realization of the highest possibilities of humanity through obedience to that supreme law which has its seat in the bosom of God and whose voice—speaking in nature, reason, and society—is the harmony of the world.

And now, Messrs. Presidents and Gentlemen, the time has come to bring this address to a close, much though our new home has still to

tell us. Into your hands, Mr. President, I deliver the keys which will open this stately building for business. May it long be the efficient shelter of the Clearing House Association. May it ever be the home of wisdom and energy. May it ever be the bulwark of honesty and honor. May it always remain what we see it to-day—a monument to the virtues of those who have gone before us. And as the great Trojan chief in the Greek epic prays to Zeus that his son may be a better man than himself, so in concluding I express the hope that to the new Clearing House there may be granted a more prosperous, a more influential, and a more beneficent career than has even fallen to the lot of the old one.

Press of J. J. Little & Co.
Astor Place, New York

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